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To

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Project 42.666

SOVIET GOLD SHIPMENTS TO FINLAND AND DENMARK

16 May 1955

CIA HISTORICAL REVIEW PROGRAM
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SOVIET GOLD SHIPMENTS TO FINLAND AND DENMARK

A. Finland

The movement of gold between the USSR and Finland during the past two years consisted of one shipment valued at \$5 million in 1954. The delivery represented partial payment for Finland's export surplus with the USSR during 1954, as provided for in the trade agreement. It is possible that \$20 million in gold will be shipped to Finland in 1955 as a result of two loans granted by the USSR. ^{1/}

One source has reported the methods of transferring the \$5 million in gold (approximately five tons) as follows:

The gold was received at the Finnish-Soviet border by a mission of eight persons from the Bank of Finland

the delivery of the gold had initially met with certain difficulties. The Russian official who was authorized to turn it over to the Finns arrived at Vainikkila, rail entry point on the Finnish-Soviet border, in advance of the Finnish mission, and when he was unable to find he returned to the Soviet side and never showed up again. The Finnish Mission had to spend June 5 and 6 waiting until delivery arrangements were settled by official telephone calls from Helsinki to Moscow. Delivery of the

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gold
finally took place at Vainikkila on June 8. Members of the

Finnish Mission reported that the gold arrived at the border in a special railway car containing office quarters and fitted with tiers of shelves for the storage of the gold bars. These were carefully packed, five bars to a package. Once the clearance had been received, the delivery proceeded smoothly, and the gold was loaded within an hour and a half into two lift vans and transported by truck to Helsinki. ^{2/}

In addition to the trade settlement, the trade agreement for 1954 provided for a Soviet loan of \$10 million payable in gold, US dollars or other agreed upon currencies. In January 1953, at the signing of the protocol for the coming year, an agreement was reached providing for a second loan of \$10 million also payable in gold, US dollars or other currencies. The loans may be drawn upon within the next 3-4 years with repayment over 10 years in the same medium in which they were received plus interest at 2½ percent. So far as is known, this is the first gold or convertible currency loan granted by the USSR to a non-Block country.

A member of the Finnish delegation, commenting privately on the first loan, pointed out that Finland was under no obligation to draw on the Soviet credit except in so far as it might wish to do so for the purpose of strengthening its exchange reserves. ^{3/} In December 1954, when approving a supplementary

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budget bill, the Diet determined that one-half of the loan should be held by the Bank of Finland to support foreign currency reserves and the other half for "productive purposes." Funds from the loan cannot be allocated for governmental projects but have to go to private firms and state-owned companies. It is understood that efforts will be made to have the Diet permit use of the second loan without the "productive purpose" stipulation. Thus the loan might be distributed among the mortgage banks, the Industrialization Finance Corporation and certain government agencies. ^{4/}

B. Denmark

No Soviet bar gold in any appreciable amounts was received by Denmark in 1953 and 1954. A rumored shipment of 7-10 tons, in late August 1954, was later denied by a Danish Foreign Ministry official. One shipment of gold for technical purposes, mainly dentistry, valued at approximately \$43 thousand, was shipped in July. In August of the same year the official reported the Danes requested a further shipment of gold, valued at approximately \$435 thousand, for technical purposes. The request was refused by the Soviets, however, on the grounds that commercial relations between the two countries had been interrupted by the failure to conclude a trade agreement for the year July 1954-June 1955. ^{5/} There has been no indication since that time of further requests or shipments of Soviet gold.

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The Danish Government in recent years has consistently sought gold from the Soviets in settlement of its trade credit but thus far has achieved no success. Under the terms of the trade agreements that existed prior to July 1954, a settlement in gold, US dollars or other agreed upon currency was to take place if the swing credit was exceeded or if a debit existed at the expiry of the agreement. ^{6/}

Trade protocols signed in the postwar years have not included gold in any form in the commodity lists of goods to be exchanged. The proposed agreement for July 1954 - June 1955, however, included gold and silver valued at 5 million kroner (\$725,000). ^{7/} Thus, if an accord is reached on future trade, Soviet gold may be imported by Denmark for technical purposes.

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SOURCES:

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1. State, Helsinki. Dsp 683, 16 Jun 54, Soviet Gold Payment to Finland
in Partial Settlement of 1954 Finnish Trade Credit, OFF USE

2. State, Helsinki. Dsp 683, op. Cit.

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